

Terminal Operator Agreements



Impact:

All three projects envision contracting out day-to-day operations. Agreement costs and terms will affect operational and financial viability.

Required Action:

Each sponsor needs to provide a memo with concurrence from the prospective terminal operators to at a minimum confirm that they are in contract negotiations and provide a timeline for reaching final agreements, fees and rate structure.

Answer:

The Malheur County Development Corporation is engaged in active conversations with Americold to operate the proposed Treasure Valley Reload Center under a triple net lease agreement. *Please see attached letter*.

Americold is a global provider of temperature-controlled infrastructure and supply chain solutions through innovation, experience, and people. They currently have operations in Ontario, Oregon primarily serving Heinz Ore-Ida. Please note, Mr. Jeremy Leathers, Director of Operations for Americold Logistics is a board member of Malheur County Development Corporation.

A triple net lease that provides a discounted rate, along with adequate coverage of insurance, deprecation and taxes would be a minimal requirement. Moreover, it is our intent to retain Americold Team (through a consulting agreement) to assist in final design, budget and timeline.

In terms of securing an agreement, a Design Consulting Agreement, along with a Triple Net Lease Agreement, could be negotiated immediately after the signing of the Connect Oregon Contract Agreement. Unfortunately, until the Department of Transportation provides concurrence (and financial resources) this conversation is on hold.

In terms of fees and rate structure, it is very important to understand the proposed facility has no debt - BUT must be capable to cover other operating costs.

This will result in significant competitive advantage for Oregon Based businesses.



April 12, 2019

Mr. Greg Smith
Officer to the Board
Malhuer County Development Corporation
522 SW Fourth Street
Ontario, Oregon 97914

RE: Letter of Interest between AmeriCold Logistics, LLC ("Americold") and Malhuer County Development Corporation for Americold participation in the qualification stage of for The Treasure Valley Reload Center (TVRC) in Nyssa, Oregon.

1 a) Our name and business contact information is as follows:

Americold Logistics, LLC 10 Glenlake Parkway Suite 500 South Tower Atlanta, Georgia 30328 Tax ID # 20-1207706 Phone # 678-441-1400 Fax: 678-441-682

Person authorized to submit proposal Doug Olmstead, Sr. Director Of Business

Development, West

doug.olmstead@americold.com

208-249-7135

b) Americold Logistics, LLC has never been debarred from providing services to any State or Federal Agency within the last five (5) years

2. Company Information

We are the world's largest owner and operator of temperature-controlled warehouses and have been in business for over 116 years. We are the only publicly traded REIT focused on the temperature-controlled warehouse industry. We are organized as a self-administered and self-managed REIT with proven operating, development and acquisition expertise. As of December 31, 2018, we operated a global network of 155 temperature-controlled warehouses encompassing 918.7 million cubic feet, with 137 warehouses in the United States, six warehouses in Australia, seven warehouses in New Zealand, two warehouses in Argentina and three warehouses in Canada. We view and manage our business through three primary business segments: warehouse, third-party managed and transportation. Of our 137 warehouses, over 75% of these have rail spurs. All experience in rail of reloading and cross dock operations is unparalleled in our industry

3. Knowledge and Experience

Our most extensive reload and cross-dock operation in located in the heavyweight corridor in Carson, California. This facility drays loads and unloads thousands of containers destined to and from the Port of Long Beach. Our plant attached facilities, such as Ontario Oregon, Burley Idaho, Plover, Wisconsin and Massillon, Ohio have provided Heinz, Ore-Ida, and Mc Cain Foods transportation cost reductions and logistics efficiencies by our extensive rail loading

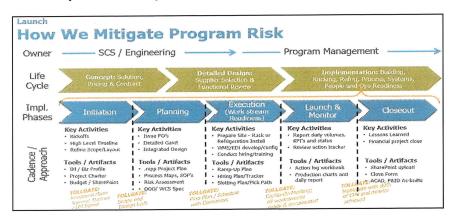


4. Financial Capacity

As we are a publicly traded company, our full financial capabilities can be found through our 10K filed on SEC.gov for the NYSE ticker COLD. The following link can direct you to the 10K:

https://www.sec.gov/Archives/edgar/data/1455863/000162828019001983/k20181231artandsubs10-k.htm

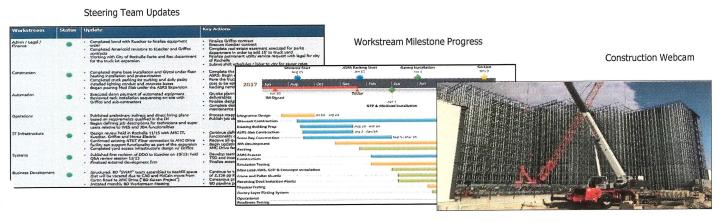
5. Development and Operations Concept



Americold's proven PMO process will ensure each project has the resources from each functional area for a successful launch. For each project, a program manager is assigned and a detailed customized organizational structure is created. This project org structure serves to identify key work streams relevant to the project and the associated leads.

The Program Manager will coordinate between functional areas including engineering, construction, finance, operations, supply chain solutions, business development, and any other necessary group to complete the project. The PMO office uses a multitude of tools including but not limited to Microsoft Project, risk register, weekly status reports, readiness checks, action log workbook, production charts and daily reports.

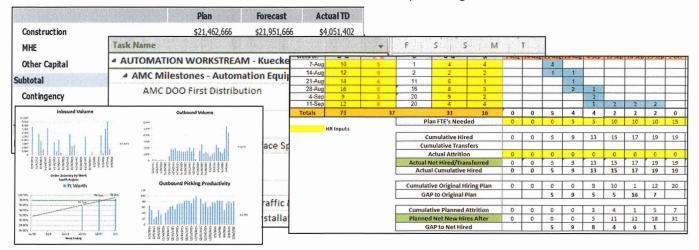
The uses of these tools ensures that the correct functional area is involved to make sure for a successful implementation. The figures below are examples of Americold's launch organization structure, tools, and communication plan.





Capital Expense Tracking

Scope Management



Readiness Checks & Monitoring

Detailed Hiring Plan per Volume

6. Lease Terms

Americold is willing to enter into a Mutually Acceptable Lease provided by the Malheur County Development Corporation. We can offer other types of commercial instruments such as:

- 1. Americold Designs/Builds; Americold Operates:
 - a. Fixed management fee
 - b. Joint annual budget formulation
 - c. Gain share opportunities for AMC with validated cost savings
 - d. KPI's established with AMC management fee at risk if not attained

We look forward to being a part of this journey.

Best Regards,

Doug Olmstead. 4/12/2019

Senior Director of Business Development

Americold Logistics, LLC

doug.olmstead@americold.com

www.americold.com

Rail Car Availability/Supply

Impact:

Without rail cars for the facility, neither containers nor goods can move. Cars may be supplied by the railroad or by the contract operator (NWCS for intermodal). Major refrigerated shippers (e.g. Lamb-Weston) sometimes buy or lease their own cars.

Required Action:

Each project sponsor needs to provide a memo outlining the following:

- A) What type of rail cars are going to be needed?
- B) Who will provide the rail cars?
- C) If the railroads will be providing rail cars, provide documentation from the relevant rail entity.
- D) How will the rail cars be provided?
- E) Where will the rail cars come from?

Answer:

Treasure Valley shippers, primarily those transporting onions to the east coast, struggle with geographical and demographic issues not faced by other states. Oregon's shipping distances are nearly the longest of any transportation path to the east coast and, a limited consumer population does not induce nor incentivize return rail loads. This makes accessing refrigerated rail cars challenging. The answer lies in creating an Oregon based solution where refrigerated rail cars will be accessed in one of two ways: First, it is the intent of the Treasure Valley Reload Center to collaborate with its professional facility operator (say Americold) to accommodate both outgo and backhaul opportunities. As that nation's largest food storage provider, this operator holds a competitive advantage in procuring rail cars. The second option would be to lease refrigerated rail cars and prioritize "back haul" marketing. This can be accomplished, and if done correctly, can reduce the overall cost of shipping for Oregon growers.

Answers to address "Required Action" questions are provided in order:

- A. 57-foot refrigerated rail cars are the industry norm, and at a minimum, will be utilized to ship efficiently to the mid-west and east coast. However, 72-foot 3-inch insulated, high-cube mechanical refrigerated boxcars with satellite monitoring and diesel fuel tank connections are replacing the smaller cars and will be required in the future.
 - As a point of reference, 57-foot refrigerated railcars hold nearly three truckloads of onions or potatoes.
- B. Union Pacific, while supportive of serving refrigerated rail cars, appears to be moving in a direction of requiring shippers to own or lease their own equipment. Owning rail cars will not be an initial option for the Treasure Valley Reload Center so again our business model will focus on:

- 1) Collaboration with a professional facility operator (say Americold) accommodate both outgo and back haul opportunities, or
 - 2) Obtain an optimal lease arrangement and market for east coast back hauls.
- C. Not applicable.
- D. Companies such as Rail Logistics, LC, Greenbrier and TTX provide leasing services that could meet the rail needs of the Treasure Valley Reload Center. Lease considerations include:
 - 1) Price
 - 2) Availability
 - 3) Tracking
 - 4) Marketing
 - 5) Maintenance
 - 6) Servicing
 - 7) Cleaning

Moreover, CIT, Wells Fargo and a plethora of other finance companies provide long-term, competitive financing options to assist a project of this nature. It is important to note their level of interest is based upon project assurance.